

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS

**PROFESSIONAL ENGINEERS' FUND
MANAGEMENT LETTER**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2002
AND THE SIX-MONTH PERIOD ENDED
SEPTEMBER 30, 2001**



**AUSTIN A. ANDERSEN
INTERIM INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



January 26, 2004

David A. Clark
Director
Department of Consumer and Regulatory Affairs
941 North Capitol Street, N.E., Suite 9500
Washington, D.C. 20002

Eugene Bentley
Chairman of the Board of Directors
District of Columbia, Board of Professional Engineers
941 North Capitol Street, N.E., Suite 7200
Washington, D.C. 20002

Natwar M. Gandhi
Chief Financial Officer
Office of the Chief Financial Officer
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Room 209
Washington, D.C. 20004

Dear Mr. Clark, Dr. Bentley, and Dr. Gandhi:

Enclosed is our management letter (OIG No. 03-1-09CR(c)) for the Professional Engineers' Fund (Fund) for the fiscal year ended September 30, 2002, and the six-month period ended September 30, 2001. The District's Department of Consumer and Regulatory Affairs (DCRA) administers the Fund. This management letter does not modify our opinion as expressed in the auditor's reports dated August 27, 2003, on the Fund's financial statements as of September 30, 2002, and the six-month period ended September 2001.

Our management letter contains four recommendations that represent necessary actions to properly account for and record professional licensing fees. We received a response from the Office of the Chief Financial Officer (OCFO) and DCRA officials to a draft of this report. We want to acknowledge that DCRA and the OCFO have reacted positively to the audit results and have agreed to take necessary action to address our recommendations. The DCRA and OCFO

Mr. Clark, Dr. Bentley, & Dr. Gandhi
Professional Engineers' Fund Management Letter
January 26, 2004
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responses to our draft report are incorporated where appropriate. The full text of these responses is included at Exhibit C, D, and E respectively.

If you have questions, please contact William J. DiVello, Assistant Inspector General for Audits or me at (202) 727-2540.

Sincerely,

A handwritten signature in dark ink, reading "Austin A. Andersen". The signature is fluid and cursive, with a long, sweeping horizontal line extending from the end of the name.

Austin A. Andersen
Interim Inspector General

AAA/ws

Enclosure

cc: See attached Distribution List

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**DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS
PROFESSIONAL ENGINEERS' FUND MANAGEMENT LETTER
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002 AND THE
SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2001**

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INTRODUCTION AND OVERVIEW

INTRODUCTION

Pursuant to D.C. Code § 47-2886.13(d) (2001), the Office of the Inspector General (OIG) audited the financial statements of the District of Columbia's Professional Engineers' Fund (Fund) for the fiscal year ended (FY) September 30, 2002, and the six-month period ended September 30, 2001. The reports, "Professional Engineers' Fund Financial Statement Audit" (OIG Nos. 03-1-09CR(a) and (b)) were issued August 27, 2003.

The District of Columbia Professional Engineers' Registration Act of 1950 established the Fund, which is administered by the Department of Consumer and Regulatory Affairs (DCRA). The Fund was established as a separate fund to receive and account for the collection of application, registration, and fees associated with professional engineers and engineers-in-training. Expenditures from the Fund may be used toward expenses that the District of Columbia Board of Professional Engineers (Board) determines to be necessary and proper.

The Mayor of the District of Columbia appoints the Fund's seven-member board. The Board has the responsibility of regulating the practice of engineering and land surveying; and provides for the licensure of qualified persons as professional engineers and land surveyors and for the certification of engineering interns and land surveyor interns. It has the additional responsibilities of safeguarding life, health, and property as well as promoting the public welfare, the practice of engineering, and the practice of land surveying in the District of Columbia. The Board is thereby required to regulate in the public interest.

OVERVIEW

In accordance with generally accepted government auditing standards, we performed a review of existing laws and regulations to ensure management is in compliance with requirements of the Professional Engineers' Act. The review was not intended to be an exhaustive study of compliance with laws and regulations or internal controls for the purpose of making detailed recommendations and would not have necessarily disclosed all weakness in the system. Additionally, we performed limited compliance tests to ensure that the Fund was administered in accordance with applicable laws and regulations.

This management letter includes recommendations to management to ensure compliance with the specific requirements of the Professional Engineers' Act. The recommendations center on: 1) recording accounting events; 2) maintaining a roster of certified engineers-in-training; and 3) ensuring that the annual report to the Mayor contains all required sections.

INTRODUCTION AND OVERVIEW

SUMMARY OF RECOMMENDATIONS

Our report contained four recommendations. We directed two recommendations to the Director of DCRA, one to the Chief Financial Officer, and one to the Chairman of the Board for the Fund. The recommendations, in part, center on:

- Establishing separate general ledger accounts for each professional licensing group and corresponding policies and procedures for recording monthly contractor information into SOAR.
- Requiring commission expenses to be paid separately rather than netted against contractor collections.
- Maintaining current rosters of all registered professional engineers and certified engineers-in-training.
- Ensuring that the Board's Annual Report to the Mayor is completed and submitted timely.

MANAGEMENT RESPONSES AND OIG COMMENTS

We received a response to the draft of this report from the OCFO on December 30, 2003. The complete text of the response is at Exhibit C. The OCFO stated that they have established additional general ledger accounts to present more clearly the financial position of the Fund and they are in the process of finalizing written policies, procedures, and controls to improve recording and reporting of monthly Fund financial activity in the District's SOAR financial management system. They added that they have begun to report revenues and expenses of the Fund on a gross basis as a result of our audit report. However, OCFO stated that the netting of revenues and commissions did not negatively impact the District's CAFR, since any understatement of expenses would have been accompanied by a corresponding understatement of revenues. Additionally, new procedures requiring the recording of gross revenues and expenses (including contractor commissions) in SOAR would alleviate the need for the contractor to submit bills for license commissions earned.

We believe that additional general ledger accounts and controls to ensure that amounts remitted are calculated correctly will help to ensure that financial activity is properly recorded and detail information, while reported on a gross basis in the CAFR, will be available for auditors and other stakeholders when requested. We consider their actions to be responsive to our recommendations.

INTRODUCTION AND OVERVIEW

We received a response to the draft of this report from the Director, DCRA on December 22, 2003. The complete text of the response is at Exhibit D. DCRA officials addressed recommendations three and four with which they concurred. Specifically, DCRA officials stated that they will publish an engineers' roster no later than January 2004 and will ensure adherence to annual reporting requirements to the Mayor. The DCRA response meets the intent of our recommendations.

We received a response to the draft of this report from the D.C. Board of Professional Engineers on December 22, 2003. The complete text of the response is at Exhibit E. The Board concurred with all the recommendations contained in the report. Specifically, Board officials stated that they will: publish an engineers' roster no later than January 2004; complete annual reports to the Mayor in a timely manner and in full compliance with the D.C. Code; and attempt to ensure that contract provisions require the contractor to remit license fees intact to the District rather than net of commissions. The DCRA Board's response meets the intent of our recommendations.

FINDINGS AND RECOMMENDATIONS

FINDING 1 – DETAILED REVENUE AND EXPENSE ACTIVITY WAS NOT RECORDED IN SOAR

SYNOPSIS

DCRA and Office of the Chief Financial Officer (OCFO) personnel did not record in the District's System of Accounting and Reporting (SOAR) nearly \$8.90 million of revenues and expenses generated from professional licensing fee activities during the five-year period ending September 30, 2002. DCRA and OCFO do not have documented procedures that require total revenue and expense activity for each of the professional licensing boards to be recorded in SOAR. As a result, the District's Comprehensive Annual Financial Report (CAFR) did not report the actual costs for providing contractual services, including licensing services, for economic regulation.

DISCUSSION

DCRA is responsible for the oversight and issuance of licenses for twelve (12) professional licensing boards through the division of the Business and Professional Licensing Administration (BPLA). OCFO is responsible for the recording and classifying of all accounting activities of DCRA-BPLA. Currently, DCRA, along with the Department of Health (DOH)¹, contracts with a service provider for the processing and issuing of professional licenses within the District. The contract which privatized the licensing function is a "revenue generating" contract. License applicants generally send their applications and fees directly to the contractor. The contractor completes the licensing process then remits revenues, less the contractor's processing fee/commissions, to the D.C. Treasurer.

The contractor is responsible for the licensing process and provides the DCRA with detailed monthly reports of all licensing activity, including receipts collected, licenses issued, and the amount of cash on hand for unprocessed applications for the twelve professional licensing boards it administers for DCRA and DOH. The current licensing contract allows the contractor to record and submit "net receipts" to the District for licensing applications processed. Even though the detailed information is made available, DCRA/OCFO personnel did not use the contractor's monthly reports to record the complete financial activity of the professional licensing boards in SOAR.

The failure to record the licensing boards' complete financial activity in SOAR negatively impacted the fiscal year (FY) 2002 CAFR. In the District's FY 2002 CAFR, contractual services were reported at \$7.97 million. However, the contractual expenditure was actually

¹ Part of the \$8.90 million of unrecorded revenue that we identified was attributed to DOH licensing activity. Our audit did not involve a review of licensing activities for the DOH.

FINDINGS AND RECOMMENDATIONS

\$9.57 million. The \$1.60 million understatement was due to the netting of contractor commissions from total revenues.

To further show the impact of netting commissions from revenues, we obtained data from the Office of Contracting and Procurement's (OCP) "Determination and Findings for Exercise of Option" for the year January 7, 2003, through January 6, 2004. This data showed that estimated revenues (net of commissions) for FY 2002 were \$877,760.² Based on current licensing fees, we calculated the "net revenue" from each license to be 33 percent of the license fee. (Actual revenues receipts generated might be greater or less as each professional licensing board has a different licensing fee.) Applying the 33 percent to the contract estimated net revenues of \$877,760, we estimated that gross revenue of \$2.66 million was generated from licensing activity during FY 2002. Therefore, \$1.78 million in commission expenses were not recorded in SOAR. Over the five-year contract period, we estimate that the total unrecorded revenue and expenses would have approximated \$8.90 million (\$1.78 million x 5).

RECOMMENDATION 1

We recommend that the CFO establish the necessary general ledger accounts for each professional licensing group for which DCRA is responsible in order to record all financial activity, including gross receipts and gross commission expense. Additionally, written policies and procedures should be instituted for recording monthly information from the contractor to SOAR.

OCFO RESPONSE

The OCFO stated that they have established additional general ledger accounts to present more clearly the financial position of the Fund and they are in the process of finalizing written policies, procedures, and controls to improve recording and reporting of monthly Fund financial activity in the District's SOAR financial management system. They added that they have begun to report revenues and expenses of the Fund on a gross basis as a result of our audit report. However, OCFO stated that recording revenues and expenses net did not negatively impact the District's CAFR, since any understatement of expenses would have been accompanied by a corresponding understatement of revenues. The complete text of the response is at Exhibit C.

² The license fee for a professional engineer is \$120 and the corresponding commission is \$80; or 67 percent. OCP determined that the estimated revenue for each option year would be unchanged, as the commission fee allowed to the contractor remained the same.

FINDINGS AND RECOMMENDATIONS

OIG COMMENT

We believe that additional general ledger accounts and controls to ensure that amounts remitted are calculated correctly will help to ensure that financial activity is properly recorded and detail information, while reported on a gross basis in the CAFR, will be available for auditors and other stakeholders when requested. We consider the OCFO actions to be responsive to our recommendations.

RECOMMENDATION 2

We recommend that the Director, DCRA and the Chief Procurement Officer, OCP ensure that future contracts for licensing services contain a provision that would require the contractor to remit gross licensing revenues to the District and bill related commission expenses separately.

D.C. BOARD OF PROFESSIONAL ENGINEERS RESPONSE

The Board agreed with our recommendation and stated that for future contracts, they would consider the inclusion of language to require the contractor to remit gross revenues collected and bill the District separately for commissions. The complete text of their response is at Exhibit E.

While this recommendation was not addressed to the OCFO, in their response the OCFO stated that strong internal controls surrounding licenses issued and fees collected would allow the District and the contractor to mutually agree on the method of payment. The complete text of the response is at Exhibit C.

OIG COMMENT

The Board's response meets the intent of the recommendation. In regard to the response of the OCFO, the method of payment is an issue that should be addressed in accordance with D.C. Municipal Regulations, Title 27 (Contracts and Procurements), Chapter 32 (Contract Financing and Funding). The Office of Contracting and Procurement along with DCRA program officials should specify a method that is in compliance with the regulations. The OIG opines that stronger controls over contract monitoring or administration exist when payments are made after deliverables have been approved by program officials rather than having the contractor collect his payments before such approval, as currently exists. While the change in reporting formats, coupled with improved controls; policies and procedures requiring the separate reporting; and reviews of revenues and expenses (including contractor commissions) in SOAR will achieve the desired results of our recommendation, we believe the requirement to separate revenues from commission expense is also a more efficient reporting method.

FINDINGS AND RECOMMENDATIONS

FINDING 2 – THE BOARD DID NOT MAINTAIN A ROSTER OF ALL REGISTERED PROFESSIONAL ENGINEERS AND CERTIFIED ENGINEERS-IN-TRAINING

SYNOPSIS

The Board did not maintain rosters of all registered professional engineers and certified engineers-in-training, showing the registrant's name, place of business or employment, registration number, and the general field (or fields) of engineering in which the registrant is (are) qualified to practice. These rosters are required by D.C. Code § 47-2886.08(11)(2001). Fund priorities to date have not included preparing a roster of all registered professional engineers and certified engineers-in-training. This information exists only in the database of the Fund. Without an up-to-date published roster, registered engineers and certified engineers-in-training cannot be verified as qualified to practice in their registered field.

DISCUSSION

D.C. Code § 47-2886.08 (11) requires the Board to prepare rosters of registered professional engineers and certified engineers-in-training, together with other information deemed to be of interest to the engineering profession, to be published in booklet form on the first day of March of each even year. Additionally, on the first day of March of each odd year, the Board is required to publish a supplemental roster of all registered professional engineers and certified engineers-in-training. Copies of these rosters must be sent to each registered professional engineer and engineer-in-training as well as other persons upon request. The rosters request the professional engineers receiving the same to report the names and addresses of those who are practicing engineering in the District but are not listed on the rosters.

RECOMMENDATION 3

We recommend that the Director of DCRA assign responsibility for the compilation and distribution of the rosters to ensure that the requirements of the District of Columbia Professional Engineers Act are met.

DCRA RESPONSE

DCRA officials and the Board stated that they will publish an engineers' roster no later than January 2004.

OIG COMMENT

The response meets the intent of our recommendation.

FINDINGS AND RECOMMENDATIONS

FINDING 3: THE BOARD'S ANNUAL REPORT TO THE MAYOR WAS INCOMPLETE

SYNOPSIS

The Board's annual report of the Fund to the Mayor of the District of Columbia did not contain, as required by D.C. Code § 47-2886.16 (2001), a statement of monies received and disbursed, a summary of the Board's official acts during the next preceding fiscal year, and recommendations for legislation relating to the practice of engineering. This information was not reported because the financial management system of the District did not have complete financial information readily available in order for the Board to prepare complete annual reports. This condition contravenes the dictates of the Act and impairs accountability of the Fund to the Mayor and to the public.

DISCUSSION

Priorities of the Fund to date have not included preparing an annual report to comply with § 2-886.16 of the D.C. Code. No separate fiscal and accounting responsibility was established for the Fund, therefore, some required information for the annual report was not available. The report submitted to the Mayor only summarized actions taken by the Board during its fiscal year 2002 meetings and omitted information regarding the financial activity of revenues and disbursements of the Fund.

In the OIG audit reports of the Fund (OIG No.03-1-09CR(a) and (b)) issued August 27, 2003, we noted that the failure to establish all accounts necessary to record complete financial activity of the Fund was a material weakness. DCRA/OCFO responded that action would be taken to establish the necessary general ledger accounts in SOAR so that all financial activity of the Fund could be recorded and reported.

RECOMMENDATION 4

We recommend that the Chairman of the Board assign responsibility for the compilation of information for inclusion in the Annual Report to the Mayor to ensure that the annual report is completed on time and is in full compliance with the D.C. Code.

DCRA COMMENT

DCRA officials and the Board stated that they will ensure adherence to annual reporting requirements to the Mayor.

OIG COMMENT

The response meets the intent of our recommendation.

EXHIBIT A

STATUS OF CURRENT AND PRIOR AUDIT FINDINGS

Description of Finding	Finding present during audit for fiscal year ended:				Resolved Yes/No
	9/30/02	9/30/01	3/31/01	9/30/00	
Balances and transactions comprising the Fund are not reflected in the District's accounting system (SOAR)	Yes	Yes	Yes	Yes	Yes ³
Board did not publish a roster of professional engineers as required	Yes	Yes	Yes	Yes	No
The Board's annual report to the Mayor was incomplete	Yes	Yes	N/A	Yes	No

³ This finding was considered a material weakness and, as such, a reportable condition. The reportable condition was noted in the financial statement audit of the Professional Engineering Fund issued August 27, 2003. Prior to issuance of the report, adjusting journal entries were made by OCFO personnel to establish the ending FY 2002 audited balances in SOAR for the Fund. However, gross receipts and commissions need to be properly recorded for all licensing activity.

EXHIBIT B

SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendation	Description of Benefit	Amount and/or Type of Monetary Benefit
1	Compliance and Internal Control. Will improve compliance with accounting reporting standards.	Non Monetary
2	Compliance and Internal Control. Will improve compliance with accounting reporting standards.	Non Monetary
3	Compliance and Internal Control. Provides for an organized management and oversight system for effective program operations to ensure compliance with laws and regulations.	Non Monetary
4	Compliance and Internal Control. Provides for an organized management and oversight system for effective program operations and ensures timely and complete submission of Annual Reports.	Non Monetary

EXHIBIT C

OCFO RESPONSE TO DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER



Natwar M. Gandhi
Chief Financial Officer

December 30, 2003

Charles C. Maddox, Esq.
Inspector General
Office of the Inspector General
717 14th Street, NW, 5th Floor
Washington, DC 20005

Dear Mr. Maddox:

Thank you for the opportunity to respond to the Office of Inspector General's draft management letter for the Department of Consumer and Regulatory Affairs (DCRA) Professional Engineers' Fund (PEF) for the fiscal year ended September 30, 2002 and the six month period ended September 30, 2001 (OIG No. 03-1-9CR(c)).

The Office of the Chief Financial Officer (OCFO) welcomes the findings of the audit report and management letter and concurs with many of the recommendations to improve accounting for the PEF. In response, the OCFO has made entries in the District's SOAR financial management system to recognize correct account balances for the PEF for FY 2002. Since the release of the audit report, the OCFO has established additional general ledger accounts to present more clearly the financial position of the Fund. Also, the OCFO has begun recording all revenues and expenses on a gross basis. Finally, the OCFO is in the process of finalizing written policies, procedures and controls to improve recording and reporting of monthly PEF financial activity in the District's SOAR financial management system.

While we agree on the importance of recording revenues and expenses of the PEF on a gross basis, we must disagree that recording the financial activity of the PEF on a net basis negatively impacted the District's FY 2002 CAFR since any understatement of expenses would have been accompanied by a corresponding understatement of revenues. Additionally, the District recognizes revenues from licenses when they are measurable and available. Professional licenses are deemed exchange-like transactions and the revenues from such transactions are required by Generally Accepted Accounting Principles (GAAP) to be recognized as soon as the exchange has occurred and the related amounts become available to liquidate liabilities of the current period. Furthermore, professional licenses issued are nonrefundable in their totality and consequently would not be deferrable. We therefore disagree with the recommendation of the OIG to defer revenues from license because the assessed fees are for a period of 2 years.

EXHIBIT C

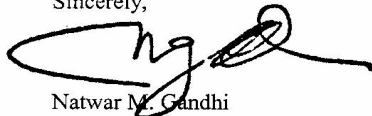
OCFO RESPONSE TO DRAFT REPORT

Charles C. Maddox, Esq.
December 23, 2003
Page 2

Finally, enhancements in monthly financial reporting by the service provider over the past several months have facilitated improvements in accounting, making it unnecessary to require the contractor to remit gross licensing revenues to the District and bill related commission expenses separately.

We appreciate the effort that went into producing this audit report and the accompanying management letter. If I can be of further assistance, please contact my office at (202) 727-2476.

Sincerely,



Natwar M. Gandhi
Chief Financial Officer

Enclosure

cc: David A. Clark, Director, DCRA
Eugene Bentley, Chairman, Board of Professional Engineers
Anthony F. Pompa, Deputy CFO, OFOS

EXHIBIT C

OCFO RESPONSE TO DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer



Anthony F. Pompa
Deputy Chief Financial Officer

Financial Operations
and Systems

MEMORANDUM

TO: Mohamad Yusuff
Director Internal Audit, OIO
Office of the Chief Financial Officer

FROM: Anthony F. Pompa
Deputy Chief Financial Officer
Office of Financial Operations and Systems

DATE: December 12, 2003

SUBJECT: OIG 03-1-09CR(c) Draft Management Letter Professional Engineers Fund

Per your request, responses are submitted for Finding 1 and its accompanying recommendations as presented below:

Finding 1:

Detailed revenue and expense activity was not recorded in SOAR.

Recommendation 1:

We (OIG) recommend that the CFO establish the necessary general ledger accounts for each professional licensing group for which DCRA is responsible in order to record all financial activity, including gross receipts and gross commission expense. Additionally, written policies and procedures should be instituted for recording monthly information from the contractor to SOAR.

OFOS' Response to Recommendation 1:

OFOS concurs with the recommendation that the DCRA should record the gross receipts of the fees and that a general ledger account for each professional licensing group should be established for each professional license. Additionally, OFOS concurs with the recommendation that written policies and procedures should be instituted.

EXHIBIT C

OCFO RESPONSE TO DRAFT REPORT

SUBJECT: OIG 03-1-09CR(c) Draft Management Letter Professional Engineers Fund
December 12, 2003
Page Two

OFOS' Response to Recommendation 1 (continued):

OFOS disagrees that the recording of "net revenue" impacted the Fiscal Year 2002 CAFR, because the net effect is zero. The netting of the commissions and revenues achieved the same impact as the suggested recording of gross revenues and the related commission expense would have had.

Recommendation 2:

We (OIG) recommend that the Director, DCRA and the Chief Procurement Officer, OCP ensure that future contracts for licensing services contain a provision that would require the contractor to remit gross licensing revenues to the District and bill related commission expenses separately.

OFOS' Response to Recommendation 2:

Strictly from the accounting perspective, nothing in the synopsis and the summary presented by the OIG, explaining the situations surrounding the fees, indicates a weakness in internal controls. Granted, strong internal controls, where corroborating evidences are available to vouch the number of licenses issued and reconcile that to the total amounts reported by the Contractor, the Contractor and the District should have the liberty to mutually agree on the methods of payment suitable to both.

If you have any questions please contact _____ at 202-442-_____. Thank you.

EXHIBIT D

DCRA RESPONSE TO DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Consumer and Regulatory Affairs

Business and Professional
Licensing Administration



December 22, 2003

Mr. Charles Maddox, Esq.
Inspector General
Office of the Inspector General
717 14th Street, NW
Washington, DC 20005-3200

Dear Mr. Maddox:

Per your request of December 4, 2003, listed below are the written comments to be included in the final Professional Engineers' Fund Management Letter for fiscal year September 30, 2002 and the six-month period ended September 30, 2001.

FINDING 2 – THE BOARD DID NOT MAINTAIN A ROSTER OF ALL REGISTERED PROFESSIONAL ENGINEERS AND CERTIFIED ENGINEERS-IN-TRAINING

The D.C. Professional Engineer's Roster for FY 2003 is in the final stage of publication and is due to be printed and mailed to all licensed D.C. Professional Engineers and Engineers-in-Training not later than January 2004.

FINDING 3 -THE BOARD'S ANNUAL REPORT TO THE MAYOR WAS INCOMPLETE

The Department of Consumer & Regulatory Affairs is in receipt of your correspondence addressed to David Clark, Director with reference to your review of draft management letter (OIG No. 03-1-9CR(c) for the Professional Engineers' Fund for fiscal year ending September 30, 2002 and the 6 month period of September 30, 2001.

The Occupational and Professional Licensing Division, on behalf of the D.C. Board of Professional Engineers, and Eugene Bentley, Chairperson, has reviewed the Professional Engineers' Management Fund Letter.

As stated in the "Synopsis" of the Findings of Recommendations of the Professional Engineers' Fund Management Letter, "the information was not reported in the Board's Annual Report to the Mayor because the financial management system of the District did not have complete financial information readily available in order for the Board to prepare complete annual reports."

941 North Capitol Street, N.E., Room 7200, Washington, D.C. 20002
Phone: (202) 442-4450 Fax: (202) 442-4523

EXHIBIT D

DCRA RESPONSE TO DRAFT REPORT

-2-

The Board will work with the Chief Financial Officer (CFO), DCRA, to ensure the expeditious processing and completion of fiscal year 2004 financial reports. In addition, the Board met with the CFO (DCRA) on December 2, 2003 to review the Board's budgetary concerns and travel procurement submissions for fiscal year 2004.

If you have questions or concerns regarding this matter, please do not hesitate to contact us.

Sincerely,



David A. Clark
Director

Eugene Bentley, Chairperson
D.C. Board of Professional Engineers

cc: Theresa Lewis
Deputy Director for Operations, DCRA

Natwar M. Gandhi
Chief Financial Officer, OCFO

Henry W. Mosely
Chief Financial Officer, DCRA

Steve Russo
Chief Financial Officer, OTR

IQ# 183238

EXHIBIT E

D.C. BOARD OF PROFESSIONAL ENGINEERS RESPONSE TO DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Consumer and Regulatory Affairs



**Business and Professional
Licensing Administration**

Mr. Charles Maddox, Esquire
Inspector General
Office of the Inspector General
717 – 14th Street, NW
Washington, DC 20005-3200

Dear Mr. Maddox:

Per your request of December 4, 2003, listed below are the written comments from the D.C. Board of Professional Engineers to be included in the final Professional Engineers' Fund Management Letter for fiscal year September 30, 2002, and the six-month period ended September 30, 2001.

**FINDING 1 DETAILED REVENUE AND EXPENSE ACTIVITY WAS NOT
RECORDED IN SOAR.**

The Board has met with the Chief Financial Officer (CFO), Department of Consumer and Regulatory Affairs (DCRA). The Board has requested the CFO to establish the necessary general ledger accounts for the Board in order to record all financial activity, including gross receipts and gross commission expense. Additionally, it is requesting written policies and procedures be instituted for recording monthly information from the contractor to SOAR.

The Board is requesting the Business and Professional Licensing Administration (OPLA) Staff review the present request for proposals to provide contractor services for the next period and attempt to ensure that the contract for licensing services contain a provision that would require the contractor to remit gross licensing revenues to the District and bill related commission expenses separately.

**FINDING 2 THE BOARD DID NOT MAINTAIN A ROSTER OF ALL
REGISTERED PROFESSIONAL ENGINEERS AND CERTIFIED
ENGINEERS-IN-TRAINING.**

The D.C. Professional Engineers Roster for FY 2004 is in the final state of publication and is due to be printed and mailed to all licensed DC Professional Engineers and Engineers-in-Training not later than January 2004. A complete roster will be published in March 2005.

EXHIBIT E

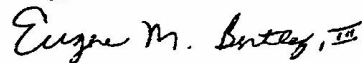
D.C. BOARD OF PROFESSIONAL ENGINEERS RESPONSE TO DRAFT REPORT

**FINDING 3 THE BOARD'S ANNUAL REPORT TO THE MAYOR WAS
INCOMPLETE.**

The Chairman of the Professional Engineers Board, Dr. Bentley, will be responsible for preparing future annual reports to the Mayor. These reports will be completed on time and in full compliance with the D.C. Code. **Note** this will only be possible if the requests to the CFO, DCRA and OPLA Staff are completed in a timely manner to allow inclusion of the required financial information.

If you have questions or concerns regarding these matters, please do not hesitate to contact us.

Sincerely,



Eugene M. Bentley, III, Ph.D., P.E., Chairperson
D.C. Board of Professional Engineers

Cc: David A. Clark
Director, DCRA

Theresa Lewis
Deputy Director for Operations, DCRA

Natwar M. Gandhi
Chief Financial Officer, OCFO

Henry W. Mosely
Chief Financial Officer, DCRA

Steven Russo
Chief Financial Officer, OTR

Clifford Cooks
Applications Officer, BPLA

IQ# 183238